



## Press Clipping Article

**Title:** Tobacco farmers dwindling, but opportunities remain

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In 2002 -- the year of the last agriculture census and three years before the implementation of the federal tobacco buyout -- there were 30,000 farmers growing tobacco in Kentucky.

By 2005, the number of growers had fallen to 8,000, a University of Kentucky tobacco expert said Friday. If anything, the number of tobacco growers will continue to dwindle.

"We probably lost over 75 percent of our farmers who grew tobacco," Will Snell, a UK tobacco specialist, told a group of farmers Friday at the Daviess County Cooperative Extension office.

While the number of growers shrinks, those still in the business are increasing the size of their operations. In 2002, the average state tobacco farmer was raising 3.8 acres. By the time the number of tobacco farmers reaches 5,000 in Kentucky, those farmers will be raising 15 to 20 acres on average, Snell said.

The buyout ended federal tobacco programs and encouraged farmers to leave the business. The exodus has shifted production in the state, Snell said. Eastern, northern and central Kentucky have lost more than 40 percent of their tobacco acres in some counties, while many western Kentucky counties -- including Daviess County -- have increased their acres.

The farmers remaining in businesses have the potential to make more money because they do not have to lease quotas, Snell said.

Fewer U.S. residents smoke, and tobacco companies are using less U.S. tobacco in their cigarettes. But that doesn't mean American cigarette manufacturers don't need domestically grown tobacco.

Instead, tobacco companies have used more domestic burley tobacco than growers have produced every year since 2001, Snell said. The companies have been able to do so by relying on their own tobacco stocks or by purchasing tobacco from cooperative pools. With the buyout, however, there are no more cooperative pools of tobacco, and cigarette

companies do not have an infinite supply of tobacco in their warehouses.

"At some point in time, they'll need more pounds," Snell said. "We're in a situation right now where the industry as a whole needs more than we're producing."

Demand for dark tobacco has increased regularly since 1990, as snuff and similar products become more popular. Like cigarette makers, companies that make snuff are depleting their dark tobacco stocks, Snell said.

That's good news for farmers in west Kentucky, where much of the nation's dark tobacco is grown. "I think the supply and demand balance is very favorable," Snell said.

In the future, tobacco production will fall to fewer and fewer farmers. Regulation of tobacco production in some form is possible if Congress passes a bill allowing the Food and Drug Administration to regulate tobacco products, Snell said.

Although companies need more U.S. grown burley now, supply will eventually outstrip demand, Snell said. In that environment, tobacco companies will begin thinning the ranks of tobacco growers under contract by weeding out the least effective growers, he said.

Farmers will eventually have to decide if they can remain profitable in tobacco production when both prices and contracts will fluctuate and only growers who can produce quality tobacco in a cost-efficient manner will survive, Snell said.

"The number one competitor you face is your neighbor ... wherever they can produce quality tobacco at the lowest cost," Snell said.

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